THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) to (c) Yes, Sir. That is why the Government from time to time has taken steps to improve Corporate Governance by making provisions in the Companies Act, 1956 such as (i) providing for compliance with the accounting standards in perparation of profit and loss account and balance sheet (section 211), (ii) to cast a duty on the Board of Directors to include *inter-alia* in the Directors' Responsibility Statement that applicable accounting standards had been followed [section 217 (2AA)] and (iii) to provide for appointment of an audit committee by the companies having paid up capital of not less than rupees five crores (292A).

(d) and (e) The Comptroller and Auditor General of India has constituted Government Accounting Standards Advisory Board for the Union and the States in order to establish and improve standard of Governmental accounting and financial reporting and enhance accountability mechanism. This Board will not advise on the issues related to the Accounting Standards to be followed by Government-run-companies at the Centre and State level.

Survey on black money

647. PROF. ALKA BALRAM KSHATRIYA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether according to the survey conducted by National Institute of Public Finance and Policy there is large scale circulation of undisclosed/ black money in the country;

(b) if so, what is the outcome of the survey;

(c) what is Government's response in this regard;

(d) whether the schemes launched by Government to unearth black money have achieved the desired results;

(e) if not, the reasons therefor and the steps proposed to be taken to formulate new schemes to unearth black money in the country; and

(f) the extent to which the circulation of black money in the country can be controlled?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) There was a study made by the National Institute of Public Finance and Policy in 1983-84 which estimated undisclosed money between Rs. 31584 crore to Rs.36786 crore. The authors of this study had, however, admitted that their estimate was based on numerous assumptions and approximations, each of which could be challenged. The study had recommended a number of measures for reducing black income generation like reduction in tax rates, simplification of tax structure, better enforcement of tax laws and use of computers. The study had also recommended some disclosure schemes for bringing the amount of black money already held.

(c) The Government have been adopting a two-pronged strategy of encouraging voluntary compliance as also intensifying various enforcement measures. Appropriate legislative, fiscal and administrative measures have been taken on a continuing basis to prevent generation of black money and to unearth black money and also to punish the holders of such money. One of the important measures taken in this regard is the reduction in tax rates. A number of schemes have also been launched from time to time like the Voluntary Disclosure Schemes (one in 1951, two in 1965 and one in 1975), Special Bearer Bonds Scheme (1981) and Amnesty Scheme (1985) to encourage people to bring black money into the mainstream of the economy. The National Housing Bank (Voluntary Deposits) Scheme, 1991 was also launched to canalize black money for certain social objectives. Under the Remittances in Foreign Exchange (Immunities) Scheme, 1991 and India Development Bonds Scheme (1991) the source of funds was not to be subject to scrutiny. Thereafter, the Voluntary Disclosure of Income Scheme 1997 was in force from 1.7.1997 to 31.12.1997.

(d) to (f) Despite the reduction in tax rates, the tax revenues have consistently been on the increase indicating the success of the Government policies. A constant watch has also been kept on the areas of greater incidence of generation and usage of black money so as to lay greater attention on the areas so identified. It is the endeavour of the Government to make all possible efforts to control the circulation of black money to the maximum possible extent.